

**MONTANA PUBLIC SERVICE COMMISSION
UTILITY DIVISION
AGENDA NO. 04-09-28**

Date Published: September 23, 2004
For Work Week Commencing: September 27, 2004
Commission Meeting: September 28, 2004, 9:00 a.m.

General Introduction This agenda is the Commission's Utility Division agenda for the work week designated. In the later part of each week (generally, Thursday by 2:00 p.m.) prior to the work week to which an agenda pertains, the agenda is posted on the public information bulletin board at the Commission offices, deposited in the mail directed to all persons who have properly requested notice by mail, emailed to all persons who have properly requested notice by email, and posted to the Public Service Commission's worldwide web site located at <http://www.psc.state.mt.us>.

Place of Meetings All meetings are held at the Commission offices, 1701 Prospect Avenue, Helena, Montana, unless otherwise noted.

Inquiries General inquiries concerning this Utility Division agenda and subscribing to notice by mail may be made to Kate Whitney at (406) 444-3056. She may refer inquiries to another person within the agency.

Accommodation for Persons with Disabilities Anyone needing an accommodation for physical, hearing, or sight impairment in order to attend a scheduled meeting should contact the Commission secretary at (406) 444-6199 sufficiently prior to the meeting to allow accommodations to be made.

9:00 a.m. Weekly Scheduling (Commission Conference Room)

9:30 a.m. Business (Bollinger Room)

Public Comments

Action Items All items identified below are for action at the Commission business meeting.

1. NorthWestern Corporation D2004.8.137 (Eric)

On August 25, 2004 NorthWestern Corporation filed an application seeking authority to issue warrants and up to an additional 7.571 million shares of common stock. The issuance of the warrants and additional common stock serves two purposes (1) to implement the Harbert Settlement and (2) implement employee incentive plans by the reorganized NorthWestern's new Board of Directors post-reorganization.

The proposed issuance of warrants and of an additional 5.305 million shares of new common stock is part of a compromise and settlement of objections to the

Plan filed by Harbert Management Corporation and Wilmington Trust Company. The Harbert Settlement will result in an increase in distribution of the Commission's previously approved issuance of common stock to NorthWestern's subordinated creditors from two percent to eight percent. In this regard, no other additional shares would have to be issued from those previously approved by the PSC in Default Order No. 6581. However, the Harbert Settlement also provides that the subordinated creditors will share, pro rata, in warrants exercisable for an additional thirteen percent of reorganized NorthWestern's newly issued common stock. If the warrants to be issued are exercised, this would result in an additional 5.305 million shares of new common stock to be issued by reorganized NorthWestern.

In terms of the new employee incentive plan, the proposed issuance of an additional 2.266 million shares of new common stock is part of a negotiated agreement for the implementation of a potentially broad based employee incentive plan. While the new Board of Directors retains sole discretion to develop and implement any employee incentive plan post-confirmation, 228,320 shares was agreed by the Committee of Unsecured Creditors to be reserved and allocated to a management group in the form of Special Recognition Grants. These Special Recognition Grants vest 50 percent on the effective date of the Plan and fifty percent over the two to three years following the Plan's effective date. A Default Order has been drafted.

2. City of Great Falls N2004.9.150 (Will)

On September 15, 2004, the City of Great Falls filed an application for a license to offer and sell retail electricity supply services in NorthWestern Energy's service territory.

Work Sessions All items identified below are for Commission discussion or action on the day designated.

1. Ronan Telephone – Failure to File the 2003 Annual Report Timely or Notify the Commission of Late Filing. (9/28/04)
2. D2004.7.119 – Qwest/MCI Agreement – Discuss and Get Direction on Qwest's Motion to Dismiss. (9/28/04)
3. D2004.7.103, D2004.7.108, D2004.8.126, D2004.9.148, D2004.9.149, D2004.7.119, D2004.8.140, D2004.9.147 – Citizens, AT&T Wireless, Qwest Corporation, Qwest Communications Corporation, CenturyTel,

Avika, SBC, Talk America, MCI, Granite Telecommunications, New Access – Discuss and Act on Pending Interconnection Agreements. (9/28/04)

4. D2004.8.128 – Havre Pipeline – Discuss and Act on Petition for Late Intervention filed by Montana Consumer Counsel. (9/28/04)
5. NorthWestern Energy Bankruptcy – Placeholder to Report on and Get Direction on Any Matter Related to the Bankruptcy. (9/28/04)
6. Staff Travel. (9/28/04)

Other Meetings

Weekly Scheduling – Will be held at 9:00 a.m. on the day of the Commission Meeting

Notice Items All items identified below are noticed for public participation purposes. Unless otherwise stated in the text of the notice, the items will be action items on the next following agenda or a subsequent agenda and participation may be had by submitting written comments to the Public Service Commission, 1701 Prospect Avenue, P.O. Box 202601, Helena, Montana, 59620-2601, within 5 calendar days following publication of this agenda. Public comments on a noticed matter may also be submitted within the required time through the PSC's web-based comment form at <http://psc.state.mt.us/PublicComment/PublicComment.htm>. Comments should reference the docket number of the matter.

Information Items All items identified below are for information only.

New Filings Received in Past Week

D2004.9.155 – Qwest/DIECA Communications d/b/a Covad Communications Company – QPP (Qwest Platform Plus Service) Agreement